

BEFORE THE IDAHO BOARD OF TAX APPEALS

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| IN THE MATTER OF THE APPEAL OF JANET |) | APPEAL NO. 06-A-2552 |
| AND ROBERT HAAKENSEN from the |) | FINAL DECISION |
| decision of the Board of Equalization |) | AND ORDER |
| of Kootenai County for tax year 2006. |) | |

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing December 13, 2006, in Coeur d'Alene, Idaho, before Hearing Officer Steven Wallace. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellants Janet and Robert Haakenson appeared at the hearing. Appraisers Elizabeth Gregor and Gary Logsdon with Residential Appraisal Manager Darin Krier, appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. 01000000002A.

The issue on appeal is the market value of a residential property.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$105,008, and the improvements' valuation is \$300,042, totaling \$405,050. Appellants request the land value be reduced to \$65,000, and the improvements' value be left at \$300,042, totaling \$365,042.

The subject property is a single family dwelling on a little over one acre located toward the northeast end of Hayden Lake in Kootenai County.

Appellants testified subject is their place of residence and they are not interested in selling. New construction was noted in the subdivision and Appellants claimed the prices were very inflated, as is the case with much of the County. Sales are now slowing down according to newspaper articles.

The value of the residence is not being contested. The assessed value of the land is the

primary concern.

Several photographs of subject and the access road were submitted. It was explained there are easements across seven different properties to reach subject. Subject lot was cleared enough to build the residence and there is little yard. A photograph of the filtered lake frontage and neighboring roof were submitted. The brush and trees between the house and lake hide the lake view.

Appellant maintained the comparable sales used by Respondent were not comparable to subject. The first sale was located off a chip sealed road with an asphalted driveway. Photographs showed the clear lake view, two entrances from the access road, landscaping and an unrestricted view of Hayden Lake. The property is less than an acre in size and sold once in 1999 and again in 2005. According to Appellants, the value has doubled, which is an indication of the current market. It was argued, these increases should not affect those properties that do not sell. Appellants maintain that until there is a sale of subject, there is no way to prove the market value.

Photographs of the second sale included a chip sealed access road. This 3.599 acre property was cleared of brush and fenced. Another photograph showed landscaping and grass.

Appellant realized there is no "sales disclosure" in Idaho and values are set based on the sales the County does receive. It was claimed many properties around the lake have sold for less than the listing price.

In 1977, the assessed value of subject land was \$37,833. It remained at that value until 2004 when it increased to \$48,620. There was a 20% increase in 2005 to \$58,344 and an 80% increase for 2006 to \$105,008. Appellants believed the values to be reasonable until the current 2006 year. It is claimed the value could not have increased at that rate in one year.

The Assessor described the subject property. The last full revaluation of the area was in 2003 for the 2004 assessment roll. The subdivision is considered secondary acreage and not waterfront. Amenities such as access to a common lot and adjustments for view are common. Dirt roads are typical in this area.

Market adjustments were applied in 2005 and 2006 to be in compliance with statutory market value requirements. It was explained errors in the improvement characteristics were discovered and adjustments were made to subject assessed value during the County BOE proceedings.

The 180% market adjustment applied to subject land for 2006 was based on two 2005 sales.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho is a market value state for property tax purposes.

§ 63-201. DEFINITIONS. As used for property tax purposes in title 63, chapters 1 through 23, Idaho Code, the terms defined in this section shall have the following meanings . . .

10) "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellants contest subject's tremendous value increase in one year. Idaho statutes do not limit the possible increase or decrease in assessed value each year. The law requires

property be assessed at current market value annually. Idaho Code § 63-205(1).

The County's valuation was arrived at through mass appraisal practices. Two sales were presented in support of the 2006 trend applied in subject's area. Ratio studies before and after the trends, illustrated compliance with Idaho's market value standard and the required valuation program.

63-314. COUNTY VALUATION PROGRAM TO BE CARRIED ON BY ASSESSOR.

(1) It shall be the duty of the county assessor of each county in the state to conduct and carry out a continuing program of valuation of all taxable properties under his jurisdiction pursuant to such rules as the state tax commission may prescribe, to the end that all parcels of property under the assessor's jurisdiction are assessed at current market value. In order to promote uniform assessment of property in the state of Idaho, taxable property shall be appraised or indexed annually to reflect current market value. In order to achieve this goal, all taxable property in a county shall be appraised at least once every five (5) years, except as provided in subsection (6). Beginning in 2003, or year one (1) of any five (5) year cycle not less than fifteen percent (15%) of the taxable properties in the county shall be appraised during that year; by the end of year two (2) not less than thirty-five percent (35%) of the taxable properties in the county shall have been appraised during that year and the previous year; by the end of year three (3) not less than fifty-five percent (55%) of the taxable properties in the county shall have been appraised during that year and the previous two (2) years; by the end of year four (4) not less than seventy-five percent (75%) of the taxable properties in the county shall have been appraised during that year and the previous three (3) years; and by the end of year five (5) all one hundred percent (100%) of the taxable properties within the county shall have been appraised during that year and the previous four (4) years. Annually, all taxable property, not appraised that year, shall be indexed to reflect current market value for assessment purposes using market value property transactions and results of the annual appraisal of taxable property. The county assessor shall maintain in the respective offices sufficient records to show when each parcel or item of property was last appraised. The appraisal required by this section shall include a plan outlining the continuing valuation program. Said plan shall be submitted to the state tax commission for approval on or before the first Monday in February, 1997, and no less frequently than every fifth year thereafter. The state tax commission shall not approve any plan that fails to provide for adequate appraisal and valuation of all taxable properties in any county.

The Assessor's valuation of property for purposes of taxation is presumed correct. *The Senator, Inc. v. Ada County Bd. of Equalization*, 138 Idaho 566, 569, 67 P.3d 45, 48 (2003). The

court will grant relief where the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive; or arbitrary, capricious and erroneous resulting in discrimination against the taxpayer. *Merris v. Ada County*, 100 Idaho 59, 593 P.2d 394 (1979).

No error in the assessed value of subject has been demonstrated by Appellant. The subject value increased significantly, however the increase was based on recent market sales. The assessment was not arbitrary or capricious. Therefore, we will affirm the decision of the Kootenai County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED this 27th day of April, 2007.